Why Are States Acting?

A. Costs

- Rx costs rapid & unpredictable
  - Generics
  - Specialty Drugs
- State Medicaid Rx spend $25\%$ 2014, $14\%$ 2015
- CMS predicts 6\% growth 2016 – 2025
- Part D “Clawback”
- 21\textsuperscript{st} Century Cures Fast Tracking

B. Balanced Budget Requirements
Why Are States Acting? (cont.)

C. States Lack Commercial Tools
   - Closed Formularies
   - Co-pays

D. States Can’t Wait For Feds
   - History of states as laboratories of experimentation
     (CHIP, Mental Health Parity, ACA, etc.)

How Are States Approaching Rx Costs?

- 160 Bills - 2018 Session
- PBMs – 84 Bills (14 laws)
- Transparency – 26 Bills (CA, OR, NV, VT, ME)
- Importation – 8 Bills
- Price Gouging – 12 Bills (MD)
- Rate Setting – 3 Bills (MD, NJ, MN)

https://nashp.org/state-legislative-action-on-pharmaceutical-prices/
Medicaid-Only Reforms

3 State Demos

- DE – Common PDL
- CO – Physician Administered Rx/payment reform
- OR – Value Based Purchasing
  SMART-D

The Challenge of Cost Controls & Medicaid

- “Grand Bargain” – Best Price / Rebates
- Cannot limit Rx
- Tools inadequate: PDL, Prior Approval, Step Therapy, Limits
Promising Approaches

New York
- Budget Cap
- Target High Cost Rx
- Review Value – DUR
- Seek “Supplemental/supplemental”
or
- Move Rx to prior approval: remove from managed care formulary
  • Track other payers re: exclusion

Promising Approaches (cont’d.)

MA – Seeks 1115 Waiver (in negotiation)
  • Close Formulary
  • Limit when “fast track” drugs come onto formulary
  • Specialty Pharmacy
Role of consumer groups & PhRMA funding
What could the Federal government do?

- HHS/IG Audit Best Price & AMP
- Allow states to leverage Medicaid with other public purchasers.
- Allow states to share supplemental rebate information.
- Give states commercial tools – close formularies, selective contacting.
- Allow delay of “fast track” Rx coverage
- Update rebate program
- PBM Impact – IG could require disclosure of manufacturer discounts to health plans/”Best Price” calculations.

For more information

https://nashp.org/center-for-state-rx-drug-pricing/

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